

Message Text

CONFIDENTIAL

PAGE 01 OSLO 04689 221548Z

53

ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 IO-14 ISO-00 AF-10 ARA-16 EA-11

RSC-01 SPC-03 AID-20 NSC-10 CIEP-02 TRSE-00 SS-20

STR-08 OMB-01 CEA-02 L-03 H-03 PA-04 PRS-01 USIE-00

SSO-00 NSCE-00 INRE-00 CIAE-00 INR-10 NSAE-00 SCEM-02

SCI-06 COME-00 INT-08 DRC-01 /203 W

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O 221520Z DEC 73

FM AMEMBASSY OSLO

TO SECSTATE WASHDC IMMEDIATE 7574

INFO USMISSION OECD PARIS IMMEDIATE

AMEMBASSH TEHRAN IMMEDIATE

USMISSION GENEVA IMMEDIATE

C O N F I D E N T I A L OSLO 4689

EO 11652: GDS

TAGS: PFOR ENRG NO

SUBJECT: DISCUSSION WITH FOREIGN MINISTER ON OPEC PRICE INCREASE
AND PROPOSAL FOR ENERGY ACTION GROUP

REFS: A. STATE 249803 (GENEVA 6742); B. STATE 249382;
C. OSLO 4688 (NOTAL); D. STATE 249601

1. THE NORWEGIANS SHARE OUR DEEP CONCERN AT EFFECTS OF A DRASTIC OIL PRICE INCREASE AND WILL PROBABLY MAKE DEMARCHES SIMILAR TO OURS TO OPEC GOVERNMENTS. FOREIGN MINISTER FRYDENLUND HAD JUST COME FROM A CABINET SESSION ON THE ENERGY CRISIS WHEN HE RECEIVED ME THIS AFTERNOON, AND HE EXPRESSED GREAT APPRECIATION FOR OUR BRINGING INFORMATION ON POSSIBLE OPEC ACTION TO ATTENTION OF NORWEGIAN GOVERNMENT.

2. AGREEING FULLY ON WORLDWIDE IMPACT OF PRICE INCREASE OF THIS NATURE, FRYDENLUND COMMENTED THAT NORWAY HAD RECENTLY REJECTED AN OFFER FROM UNNAMED BROKERS OF DOLS 15 A BARREL FOR NORWEGIAN OIL.

CONFIDENTIAL

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PAGE 02 OSLO 04689 221548Z

NORWEGIANS ARE FULLY AWARE THAT SKYROCKETING PRICES OF THIS SORT

WOULD COMPLICATE THEIR OWN DEVELOPING OIL INDUSTRY AND COULD LEAD TO RUIN OF THEIR ECONOMY.

3. PRIMARY RESPONSIBILITY FOR HANDLING OIL CRISIS RESTS WITH MINISTER OF COMMERCE AND SHIPPING JENS EVENSEN, WHO DOES NOT RETURN FROM US UNTIL LATER TODAY. THE FOREIGN MINISTER SEEMED VIRTUALLY CERTAIN HOWEVER, THAT INSTRUCTIONS COULD GO OUT AT ONCE FOR APPROACHES TO OPEC GOVERNMENTS.

4. FRYDENLUND THEN TOOK UP THE SECRETARY'S DECEMBER 12 SPEECH AND SAID NORWEGIANS HAD BEEN PLANNING TO DISCUSS HIS PROPOSALS WITH PRODUCING COUNTRIES. HE THOUGHT OUT LOUD THAT SUCH DISCUSSIONS MIGHT BE COMBINED WITH DEMARCHES ON OIL PRICES. REFERRING TO THE MEMO FRYDENLUND HAD SENT ME YESTERDAY (REF C), I ASKED HOW STRONGLY THE NORWEGIANS FEEL ABOUT TYING THE SECRETARY'S PROPOSAL FOR AN ENERGY ACTION GROUP INTO THE OECD. HIS RESPONSE INDICATED THAT, WHILE CLEARLY PREFERRING THAT THE IDEA BE DISCUSSED IN THE FIRST INSTANCE IN THE OECD COUNCIL OF MINISTERS, NORWAY IS NOT UNALTERABLY OPPOSED TO WORKING OUTSIDE THE OECD FRAMEWORK. I USED ASSISTANT SECRETARY ARMSTRONG'S REMARKS TO MINISTER EVENSEN (REF D) AS GUIDANCE FOR OUR OWN THINKING ON A POSSIBLE LINK WITH THE OECD.

5. DEPARTMENT PLEASE REPEAT TO OTHER POSTS AS DESIRED. BYRNE

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